

# HB854 Statewide Housing Study

## Program Fact Sheet

### Affordable & Special Needs Housing (ASNH)

Department of Housing and Community Development

**Note:** This fact sheet was created in October 2021. Program details can change regularly. For the most up-to-date information on this program and a program contact, please visit the link below:

[Link to program website](#)

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## 01 Program goals

The goal of the Affordable & Special Needs Housing Program is to assist in providing affordable, safe housing for low to moderate-income families. The program aims to create and preserve affordable housing throughout the Commonwealth of Virginia.

Overall goals of the program are:

- 1) Rehabilitation of affordable housing;
- 2) Construction of affordable housing;
- 3) Preservation of affordable housing;
- 4) Increase the amount of affordable housing for special needs populations, and
- 5) Ensure that state housing policy initiatives are achieved.

## 02 Funding sources

The Affordable and Special Needs Housing Program combines state and federal funding sources to fund affordable housing projects throughout the commonwealth. The state and federal funding sources include:

- The Virginia Housing Trust Fund Competitive Loan Pool, funded through Virginia's Housing Trust Fund, which is a

special allocation of state funds intended to help address the commonwealth's housing needs. The loan pool provides low interest loans to meet the financing needs of housing projects including affordable rental and homeownership addressing key state housing policies. Beneficiaries must be at 80 percent or less area median income.

- Federal HOME funds, funded through part of the annual federal block grant to states to fund affordable housing projects throughout the commonwealth. HOME funds must serve beneficiaries at 50% and 60% of area median income for rental projects and may go up to 80% for homeownership projects.
- National Housing Trust Funds, another federal block grant program focused on supporting the creation and preservation of affordable housing for extremely low-income households at or below 30 percent area median income.
- Beginning in 2021, the ASNH program was also used to allocate a portion of the funding from Virginia's participation in the Regional Greenhouse Gas Initiative (RGGI) through DHCD's new Housing Innovations in Energy Efficiency program (HIEE) focused on combating climate change and reducing greenhouse gas emissions from the power sector, while driving economic growth. Proceeds from the RGGI cap and trade program to energy efficiency programs will benefit low-income Virginians by making investments in affordable housing.

## 03 Governance

The ASNH program is funded through a bi-annual competitive application process where applications, if approved, are allocated one or more of the funding resources that make up the funding pool. ASNH funds are awarded twice a year through a competitive application.

Applications are accepted in the spring and fall of each year. Approximately half of the available funding is allocated during each of the two funding rounds. Applications are scored on the following categories:

- Need (40 points)
- Feasibility (30 points)
- Capacity (30 points)

Minimum of 60 points (threshold) is needed for funding

## 04 Population served

Eligible applicants include non-profit organizations or for-profit housing developers, state-certified Community Housing Development Organizations (CHDOs), and public housing authorities seeking to develop affordable housing projects in Virginia.

The program is designed to increase the number of affordable housing units, with a focus on those for special needs populations across the commonwealth. The program does this primarily through income targeting requirements which include targeting moderate (<80%), low (<60% or <50%), and extremely low-income (<30%) households. Additionally, a scoring preference is given to applicants proposing to build permanent supportive housing (PSH) units. Both rental or homebuyer projects are eligible.

## 05 How program works

All funding is issued as interest-only loans to support filling the development gap in affordable housing projects. These funds are traditionally combined with Low Income Housing Tax Credits through Virginia Housing, other public or private bank financing, and other sources of gap financing such as the Federal Home Loan Bank or other local housing trust funds.

There are maximum funding caps per funding source: \$700,000 or \$900,000 if the project contains some units focused on providing

permanent supportive housing (i.e. individuals with Intellectual or Developmental Disabilities).

The funding source caps are maxed out for an entire project at:

- \$1,400,000 for projects without National Housing Trust Funds;
- \$2,000,000 for projects with National Housing Trust Funds; and
- \$2,400,000 for projects with National Housing Trust Funds and PSH units.

Note: There is an additional opportunity to add a soft loan cap of 5 percent of Total Construction Costs (TCC), or \$7,000/unit (whichever is greater, up to \$1.5 million) if the proposed project chooses to pursue Green building certification; Manual J calculation; fresh air ventilation and dehumidification package; duct leakage testing and sealing; Architect cost certification/HERS Rater plan review and preliminary rating

Additionally, loan caps are based on the annual allocations, and are therefore subject to change.

## 06 Program history

The ASNH Program was created in its current form in 2016.

## 07 Program highlights

- On average, funding through the ASNH program has supported 1,163 affordable housing units per year.
- Between the years of 2017-2020, the amount of funding requested has ranged between \$12 - \$27.7 million annually. The awarded amount of ASNH funding within that period has been between \$3.3 and \$11.2 million annually.
- Awarded homeownership projects have equated to an average of 12% of total ASNH funding since 2017.
- The number of applicants to ASNH has been increasing over the years—to a

program high of 42 in the 2021 program year.